R5685-1

The Changing Patterns of Black Family Income, 1960-1982

The Changing Patterns of Black Family Income, 1960-1982

Henry E. Felder

Joint Center for Political Studies
Washington, D.C. 1984

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We gratefully acknowledge the support of the Ford Foundation and the William and Flora Hewlett Foundation, which helped to make this publication possible.

Library of Congress Cataloging in Publication Data

Felder, Henry E.
The changing patterns of Black family income, 1960-1982.

Bibliography: p.
1. Afro-Americans--Economic conditions--Statistics. 2. Afro-American families--Statistics. 3. Income--United States--Statistics. I. Title.
E185.8.F422 1984 339.2'2 84-5654

ISBN 0-941410-43-9

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Printed in the United States of America

1301 Pennsylvania Ave., N.W.
Suite 400
Washington, D.C. 20004

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FOREWORD

A key criterion in assessing the economic status of black Americans is how far blacks have progressed toward the goal of parity with whites. One focus of federal economic opportunity initiatives in the 1960s was the elimination of racial disparities in income, disparities that existed even between blacks and whites who had similar educational backgrounds and professional qualifications. This focus remains appropriate two decades later, as those who are concerned with social justice endeavor to call the nation's attention to signs of continuing unequal treatment and conditions.

This work by Dr. Henry Felder is a valuable source of information on how well the effort to bring about economic parity has progressed. Felder documents several important facts. One is that the gap between the average income of blacks and of whites is not smaller now than it was 20 years ago, even though there have been encouraging gains by some segments of the black population. Another is that the most severe economic problems facing black America involve families headed by single black women. These families are much more likely than others to live in poverty, and to depend on government assistance for survival. The rapid growth in this segment of the black population overshadows the gains made elsewhere. The study also presents evidence of continuing disparities in unemployment and in levels of workforce participation between blacks and whites. By clarifying the current state of affairs, the analysis provides a basis for serious consideration of measures through which persisting disparities can be eradicated.

Dr. Felder's work is the first of several studies of the economic condition of black America the Joint Center has undertaken with a grant from the Hewlett Foundation. We gratefully acknowledge its support. We also wish to express appreciation to the Ford Foundation and the Rockefeller Foundation, which helped to make this study possible.

Robert Oram, Valerie Colbert, and Devonda Byers, research assistants, helped to compile the data in the report, under the direction of William O'Hare, senior research associate at the Joint Center.

We are grateful to Dr. Margaret Sims, of the Urban Institute, and Dr. Edwin Dorn, of the Joint Center, for reviewing the manuscript and offering valuable suggestions; Catherine Iino and Constance Toliver, for their production and editorial work; and to Debbie Rivers and LaTanya Jones for their clerical support. The project was supervised by Dr. Milton D. Morris, director of research.

Eddie N. Williams
President
January 1984

SUMMARY

Have blacks in America made progress toward reaching economic parity with whites since the enactment of civil rights and economic opportunity legislation in the 1960s? This study attempts to answer that question by examining several indicators of the relative economic status of blacks, especially the ratio between median income for black families and that for white families. Following are the principal findings.

The Median Income Ratio

The overall ratio comparing the median income of all black families with that of all white families was 0.55 in 1960 (that is, the black median was 55 percent of the white median) and the same in 1982. Thus there was no overall gain in the last twenty-two years.

These figures, however, obscure significant changes for segments of the black population, and during periods within that time frame. The ratio actually rose to a high of 0.62 in 1975, then dropped back to 0.55 in 1982. There were variations in the median income ratio by place of residence, region, and family status. For example, in 1982, black families living in the suburban portions of large metropolitan areas and black families living in the western states had higher median incomes and higher ratios to white families than did black families in general.

The most significant variation, however, was by family type. The families of black married couples in which both the husband and wife were in the labor force in 1982 earned a median income that was 82 percent of the median for white families of similar makeup and 103 percent of the median for all white families. One-third of all black families were in this category. By contrast, black families headed by a single female--42 percent of all black families in 1982--had much lower median incomes than black families in general. The ratio of their median income to that of white families headed by single females was 0.55, but the ratio of their income to that of all white families was an even lower 0.30.

Income Distribution

There is a large and perhaps growing gap between black married-couple families, who tend to fall in the moderate-income range, and families headed by single females, who tend to be in poverty.

The proportion of black families with annual incomes of $25,000 or more (in constant 1982 dollars) rose steeply in the sixties, from 10.4 percent of the black population in 1960 to 26.1 percent in 1970. The growth was slower in the seventies, as the proportion reached a maximum at 30.0 percent of all black families in 1978, and then fell back to 24.5 percent by 1982.

Meanwhile, the proportion of black families in the moderate range ($10,000 to $24,999, also in constant 1982 dollars) was relatively stable during these two decades, staying between 38 and 43 percent of all black families.

At the low end, the proportion of black families earning less than $10,000 a year (in constant 1982 dollars) dropped during the sixties, from 47.6 percent in 1960 to 30.6 percent in 1970, but has been rising since, attaining the level of 37.8 percent by 1982.

Black Family Composition

Much of the change in the economic status of black families between 1960 and 1982 has been associated with the increasing proportion of those families headed by single women, which grew by nearly 90 percent during this period, while the proportion headed by married couples decreased by 32 percent.

In 1982, more than 58 percent of all individuals who lived in families headed by black, single women had incomes below the poverty level; of those in which dependent children were present, more than 70 percent were in poverty. Forty percent of all families headed by a black, single female depended on public assistance for all or part of their income in 1982. Because the proportion of black families headed by single women (42 percent in 1982) is so much larger than the proportion of white families headed by single women (12 percent), the economic consequences constitute an immediate crisis for the black community.

Labor Supply and Unemployment

The proportion of black men of prime working age (25 to 54) who are in the labor force (i.e., either holding a job or looking for employment) has slowly been falling, while the proportion for black women has been rising. Because average wages for women

are less than those for men, this trend has slowed growth of wage income for black families.

Between 1960 and 1982, blacks consistently have been about twice as likely to be unemployed as whites. Unemployment rates for the two races have generally been closer when recessions reached their deepest points, but black workers have been slower to benefit from economic recoveries than whites.

Black youth have been less likely to join the labor force than any other group and, once in the labor force, have been more likely to suffer from unemployment. Only 30 percent of all black youth held jobs in 1983, compared with 59 percent of white youth. When black youth were employed, however, their median earnings were about 92 percent those of white youth.

Wage Earnings

In 1981, black workers earned considerably less than white workers when compared by educational attainment and occupational status. The differences were especially strong for men. Black male college graduates had a median income, $19,892, that was lower than the median for white high school graduates, $20,968. The 1981 median income for all black men who worked full-time, year-round, was only 71 percent of that for fully employed white male workers. Black women came closer to parity with white women: their median wages were 92 percent of the median for white women. The median earned income of all women, however, was lower than that of men.

Among black workers who were employed full-time and worked more than 50 weeks in 1980, one-third of the females and one-fifth of the males worked in the public sector. Black male workers in the public sector had higher incomes--both absolutely and relative to whites--than those working in the private sector, and were more likely to work full-time than black males in private industry.

Black male workers in the private sector were much less likely than white male workers to be employed in the better-paying technical, managerial-administrative, and sales occupations. Black female workers, on the other hand, were near parity with white female workers--both in the median income levels and the distribution of workers across occupations.

1. INTRODUCTION

The 1960s saw major efforts to reverse the effects of historic discrimination and bring blacks into the social and economic mainstream of American life. The war on poverty, begun in 1964, endeavored to widen economic opportunities for the poor; the Civil Rights Act of 1964 and the Voting Rights Act of 1965 were designed to do away with discriminatory practices that had kept blacks in an inferior status. In the 1970s, the nondiscrimination mandate was strengthened by requirements for "affirmative remedies" designed in part to compensate for the continuing effects of past discrimination.

How much progress have blacks made toward the goal of economic equality in the past two decades? This question has engendered considerable controversy. Some have contended that the civil rights movement and the accompanying legislation have contributed significantly to the movement of blacks into the middle class (Wattenberg and Scammon 1973; Moynihan 1972; Glazer 1975). Similarly, others have concluded that for educated blacks entering the labor market, there has been substantial economic progress and a diminishing of overt discrimination (Freeman 1973, 1976; Smith and Welch 1978; Wilson 1978).

An alternative view was presented by Hill, who contended that "contrary to popular belief, the economic gap between blacks and whites is widening" (Hill 1978, p. iv). Lazear (1979) examined national longitudinal survey data on the school and work behavior of young males and concluded that while there may have been some closing of wage differentials for entry wages, the subsequent wage history of black males was inferior to that of white males. For this reason, he called black economic progress "illusory." Dorn (1979) found changes in the socioeconomic status of blacks relative to whites to be "ambiguous" at best.

Most analysts would probably agree with this statement from the Bureau of the Census:

> In summary, significant advances have been made by Black Americans. . . . However, in 1978, the 25.4 million blacks in this country remained far behind whites in almost every social and economic area. [U.S. Bureau of the Census 1980, p. x.]

The purpose of this study is to determine whether indeed black Americans have made significant economic progress between 1960 and 1982. The study seeks to reconcile, if possible, the two divergent views: that blacks are moving into the middle class, and that they are experiencing illusory progress. By investigating the components that make up economic status, I will show that both views on black economic progress are partly correct and that they can indeed be reconciled if certain assumptions are adopted.

The focus of the analysis will be on the family rather than the individual, because families are the primary economic units in the society. Decisions about labor supply, wealth accumulation, and consumption are best expressed through the family. The analysis will revolve around the individual only when this permits amplification of what is happening with the family.

Cross-race comparisons and ratios provide a benchmark against which progress can be gauged. For example, knowing that over an interval of time black unemployment rose by 10 percent is of limited value unless the rate of change for whites also is known. If white unemployment also rose by 10 percent, the implication is different than if white unemployment rose by 2 percent.

The analysis will use aggregate data drawn primarily from U.S. Bureau of Census reports and the employment and earnings reports of the U.S. Department of Labor. Consistent data units will be used as much as possible. For example, much of the analysis will use data about the estimated 6,530,000 black and 53,407,000 white families from the March 1983 Current Population Survey (reflecting the 1982 status). The analysis uses the latest data available, which is from 1981, 1982, or 1983, depending on the series examined.

This study assesses recent black economic progress and current economic status by considering the ratio of the median black family income to the median white family income. The median--the point at which half the families have more income and half have less--is a more appropriate statistic than the mean for comparing incomes, since income distributions tend to be skewed rather than distributed uniformly about the mean.

As depicted in Figure 1, the ratio of black to white median incomes has moved within a narrow range over the last two decades. In 1960, the ratio was 0.55. It reached a high of 0.62 in 1975, fell to 0.58 in 1980, and all the way back to 0.55 for 1982.

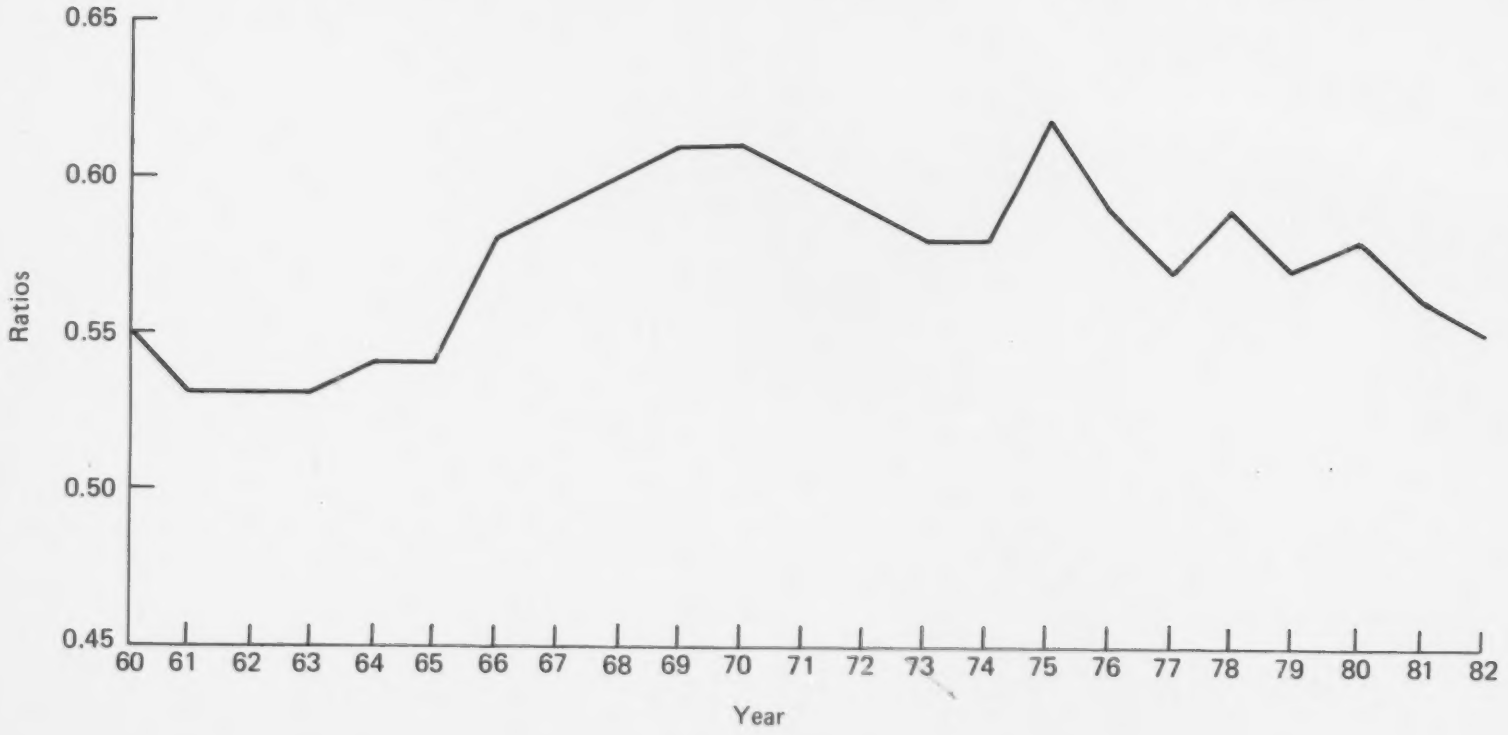

Figure 1. Black-white median family income ratios, annual averages, 1960-1982 (Parity = 1.00)

Note: For years 1960-63, the median family income for "Black and Other Minorities" was used.

The relative constancy of this ratio over the past two decades seems to reflect stagnant black economic development and is often cited as "proof" of no progress. Yet this overall ratio obscures many dynamic economic phenomena that have occurred in the black community over the last two decades. This monograph assesses aspects of the economic status of blacks that help explain the ratios in Figure 1.

The data used here tell us nothing about the underlying reasons for the social and economic status of blacks. Thus, for example, the extent to which direct discrimination contributes to the observed differences in economic status is beyond the scope of this study, which aims only to present a clear, accurate picture of the economic status of blacks in America over the past 22 years.

2. ASSESSING THE MEDIAN INCOME RATIO

The ratio of the median income of black families to the median income of white families is one of the most frequently used indicators of relative black economic progress (Congressional Budget Office 1977; Hill 1978; Bureau of the Census 1980). The black-to-white median income ratio is the median income of black families divided by the median income of white families. It can be expressed either in decimal terms (e.g., 0.50) or as a percentage (e.g., 50 percent). Parity in median income between blacks and whites would be indicated by a ratio of 1.0, or 100 percent.

Families derive income from four major sources: (1) wage and salary income, (2) nonwage income from returns on wealth (e.g., property and investments), (3) income from pension and retirement plans, and (4) income from government cash transfers. Their sum is the basis for the median income ratios described in this chapter. For purposes of this analysis, noncash transfers such as food stamps, subsidized housing, and Medicare, as well as tax subsidies such as home mortgage deductions, are omitted from the income totals.*

Between 1960 and 1982, the median income for all black families ranged from a low of 53 percent to a high of 62 percent of median white family income. The average was 58 percent. Between 1963 and 1970, the ratio went from 53 percent to 61 percent--a relatively sharp increase. But the trend has been downward since 1975, as black families gained income more slowly than white families. Collectively and over the period as a whole, blacks made no gain relative to whites.

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* The exclusion of the noncash transfers from definitions of income levels is controversial, since poverty levels, for example, may be distorted by such omissions. But because there is no systematic means of comparing the user value of noncash transfers or other such subsidies, I have omitted them.

As shown in Table 1, in 1982 the median income for all black families was $13,599 and for all white families, $24,603. The overall income gap between black and white families was thus $11,004. However, 1982 median incomes of black and white families, and the income gap, vary significantly among categories of families. When black and white families are compared by type of residential area, the region of the country in which they live, and the type of family structure, the median income ratio varies from a low of 0.50 to a high of 0.82, and the income gap varies from a low of $5,442 to a high of $13,230.

Each of these major categories will be examined more closely, but first it should be noted that the median income ratio cannot be averaged over categories to produce the median for the whole. It should also be noted that the black-to-white income ratios found in the last column of Table 1 are based on groups in similar circumstances. For example, the median income for female-headed households with no adult males present was $7,458 for black families and $13,496 for white families, for a ratio of 0.55. This may be compared to the similar ratio of 0.57 for married-couple families where the wife is not in the labor force. However, the median incomes are $12,469 and $21,849 for such black and white married-couple families, respectively--far higher than the incomes of black and white families headed by single females. Thus in using the median income ratio, it is important not to lose sight of the actual value of the median income.

Variations among Black Family Incomes

Type of Residential Area

Table 1 shows that in 1982, black families who resided in the largest metropolitan areas but outside the central cities--that is, mostly in the suburbs--had a median income of $20,063, which was 66 percent of the $30,421 median income of white suburban families. Black families who lived in the suburban areas of the major cities had the highest median income of any group of black families as defined by type of residential area, but they accounted for only 14 percent of all black families.

Another 8 percent of black families lived in the suburban portion of the smaller metropolitan areas; their median income was only $17,292, although their median income ratio was slightly higher, 0.67. Thus, blacks who lived in the suburbs of the smaller cities were not as well off in actual dollars as their suburban counterparts near larger cities, but they were doing as well relative to whites in similiar residential settings.

Table 1. Median total family income, by race and selected characteristics, 1982

Characteristic	Black		White		Black-to-White	
	Number of families (thousands)	Median income (dollars)	Number of families (thousands)	Median income (dollars)	Income difference (dollars)	Ratio
All families	6,530	$13,599	53,407	$24,603	$11,004	0.55
Place of Residence						
Inside metropolitan areas	4,998	14,580	35,000	26,743	12,163	0.55
1 million or more	3,148	15,012	19,013	28,242	13,230	0.53
Inside central cities	2,265	13,362	5,516	23,528	10,166	0.57
Outside central cities	883	20,063	13,496	30,421	10,358	0.66
Under 1 million	1,850	13,958	15,987	25,237	11,279	0.55
Inside central cities	1,273	12,517	6,628	24,179	11,662	0.52
Outside central cities	577	17,292	9,360	25,941	8,649	0.67
Outside metropolitan areas	1,531	11,532	18,407	20,867	9,335	0.55
Geographical Region						
Northeast	1,203	14,735	11,563	25,815	11,080	0.57
North Central	1,237	12,374	14,295	24,903	12,529	0.50
South	3,443	13,044	17,426	23,089	10,045	0.56
West	646	16,508	10,122	25,249	8,741	0.65
Type of Family						
Married-couple families	3,486	20,586	45,252	26,443	5,857	0.78
Wife in paid labor force	2,115	25,359	22,692	30,801	5,442	0.82
Wife not in paid labor force	1,372	12,469	22,560	21,849	9,380	0.57
Female householder, no husband present	2,734	7,458	6,507	13,496	6,038	0.55
Male householder, no wife present	309	14,661	1,648	21,416	6,755	0.68

Source: U.S. Bureau of the Census, Money Income and Poverty Status of Families and Persons in the United States: 1982, Current Population Reports, Series P-60, No. 140, (Advance data from the March 1983 Current Population Survey) Table 1.

By far the largest group of black families--54 percent--lives inside the central cities of the nation's metropolitan areas. Among such families, the median incomes in 1982 were $13,362 for those who lived in the largest cities and $12,517 for those who lived in the smaller cities. Those black families who lived in the small towns and rural areas outside of the metropolitan areas had a median income of only $11,532. Twenty-two percent of all black families live in such nonurban areas, and as a group, they are the poorest of any group of black families, from the perspective of place of residence.

The data in Table 1 confirm that black families were more likely to be urban dwellers than were white families (77 percent versus 66 percent) and were far more likely than whites to dwell within the inner cities of the metropolitan areas (54 percent versus 23 percent). Regardless of place of residence, however, the median income of black families remained substantially below that of white families. For black families in the suburbs, the median income was approximately two-thirds the median income for suburban white families.

Geographical Region

When median-income ratios are examined by region, several interesting patterns emerge. In 1982, black families in the Western states had the highest median income of blacks in any region ($16,508). This gave such families a 65 percent of the median income of whites in the West, which was also the highest ratio for any region.

But 53 percent of all black families live in the South. For such families, the median income was $13,044 in 1982, far less than the $23,089 median income of white families in the South and less than the median income levels of black families in the West and Northeast regions. Black families in the Northeast and North Central regions had median incomes of $14,735 and $12,374, respectively--much less, in both cases, than the incomes of white families.

The range in black median incomes among the different regions, however, was far larger than for whites. While less than $2,700 separated the median incomes of whites across the four regions, the difference for blacks was more than $4,000. The higher variation suggests strongly that opportunities for blacks are still differentiated by region.

The data suggest that in 1982, blacks in the North Central region had a lower median family income than blacks in the South, the region that traditionally has had the lowest median family incomes. While differences between black median family

incomes in the North Central region and those in the South are too small ($670) to permit meaningful statistical inferences, the data are interesting for another reason: they show the effects of recession on black families whose incomes are tied to the basic industries of the North Central states. Between 1981 and 1982, median black family income in that region--which includes industrial centers such as Chicago, Gary, Detroit, and Cleveland, fell by more than 21 percent (in 1982 dollars). This was the largest rate of income loss of any group in any region during the recession that began in 1981.

Type of Family

The greatest variations in median income levels and ratios are observed among different types of families. Black families headed by married couples with both partners in the labor force came closest of all black family groups to achieving income parity with white families of similar makeup. Black families of this type had a median income of $25,359 in 1982, which was 82 percent of the $30,801 median income for similar white families. In fact, the median for black families of this type was higher than the median for all white families taken together ($24,603).

It is the existence of this group that led Moynihan (1972), Wattenberg and Scammon (1973), and Freeman (1976) to suggest that blacks are achieving income parity with whites. This type of family, however, constitutes a minority of both black and white families. In 1982, married couples with two working spouses made up only 32 percent of all black families and 42 percent of all white families.

For black families headed by married couples in which the wife was not in the labor force, the median income was only $12,469, which was 55 percent of the $21,849 median income of similar white families. Families of this type accounted for 22 percent of black families.

In black families headed by single females,* the median income in 1982 was $7,458, which was 55 percent of the $13,496

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* Female heads of families in which no adult male is present consist of (1) widows, (2) divorced women, (3) women who are separated but not divorced, and (4) women who never married. The family designation indicates the presence of dependent children. This paper follows Census Bureau definitions of family type, which means that any family in which the husband is present is called "male-headed."

median income of similar white families. Female-headed families made up 42 percent of black families but only 12 percent of white families.

These figures show dramatically that for black families to achieve income parity, the presence of two wage-earners is crucial. The narrower gap between black and white married-couple families also suggests that working black females in married-couple families tend to earn substantially more than do black females in single-parent households. The result is that black families in which both parents are in the labor market have a median income that is 3.4 times the median income of black families with a single, female head. The median income gap between the two groups is $17,901. The gap between white families with two working parents and white female-headed families is $17,305. But, because the baseline is higher, the income multiple is only 2.2.

Sources of Family Income

Table 2 summarizes the sources and amounts of aggregate income reported by black families and white families in 1981 (1982 data were not available). These totals do not include data for single persons and therefore do not equal the total income of all blacks or all whites. Nor can median incomes be derived from this table. Nevertheless, these data provide a comprehensive comparative summary of the status of black and white families.

In 1981, black families constituted approximately 10.5 percent of all American families but received only 7.3 percent of all wage and salary income, the most important source of income to all families. They received only 2.0 percent of the national total of family income from self employment and 1.0 percent of total family income from property. On the other hand, black families received 39.6 percent of the national total of income from government transfer payments (public assistance and welfare) and 31.6 percent of the supplemental security income. Although these latter income sources provide more than 5 percent of the aggregate income of black families,they provide less than 1 percent of the aggregate income of white families; thus, they are far more important to black families.

Table 3 provides a different perspective on income by source. It shows the percentages of black and white families that derive income from selected sources, along with the median income from each source. (The median income is defined only across families with positive income from that source.)

Income from earnings is by far the greatest source of income for all families, but black families are less likely to

Table 2. Sources family of income, total and by race, 1981

Income source	National total (billions of dollars)	Black		White		Black income as percentage of national income
		Income (billions of dollars)	Percentage of black total income	Income (billions of dollars)	Percentage of white total income	
Wage and salary	$1,198.0	$86.9	84.0%	$1,082.8	77.6%	7.3%
Self-employment[a]	88.6	1.8	1.7	85.1	6.1	2.0
Property[b]	95.4	1.0	1.0	93.2	6.7	1.0
Social security and railroad retirement	85.5	6.5	6.3	77.9	5.6	7.6
Retirement and annuities	50.3	1.9	1.8	47.7	3.4	3.8
Public assistance and welfare	10.6	4.2	4.1	5.8	0.4	39.6
Supplemental security income[c]	3.8	1.2	1.1	2.4	0.2	31.6
Totals	$1,532.2	103.5	100.0	$1,394.9	100.0	6.8

Source: U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1981, Current Population Reports, Series P-60, No. 137, Table 33.

Note: Does not include the 23.9 million white and 3.3 million black unrelated individuals.

[a] Nonfarm self-employed.

[b] Includes dividends, interest, rental income, income from estates or trusts, and net royalties.

[c] Supplemental security income (SSI) consists of welfare payments made to aged, blind, and disabled persons.

Table 3. Percentage of families receiving income from selected sources and median value of income from each source, by race, 1981

Income source	Black		White		Ratio, black to white median
	Percent of families	Median value[a]	Percent of families	Median value[a]	
Total income	100%	$13,267	100%	$23,517	0.56
Wage and salary	78	14,778	83	22,164	0.67
Self-employment[b]	4	2,570	13	6,072	0.42
Property[c]	32	87	72	422	0.21
Social security or railroad retirement	21	4,287	24	5,984	0.72
Retirement and annuities	6	3,277	13	4,592	0.71
Public assistance and welfare	22	2,726	4	2,478	1.10
Supplemental security income[d]	8	2,385	2	2,200	1.08

Source: U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1981, Current Population Reports, Series P-60, No. 137, Table 33 and Table A.

[a] The median is for those families that have positive incomes in the category.

[b] Nonfarm self-employment.

[c] Includes dividends, interest, rental income, income from estates or trusts, and net royalties.

[d] Supplemental security income (SSI) consists of welfare payments made to aged, blind, and disabled persons.

receive income from wages and salaries (77.6 percent) than are white families (83.0 percent). But the black-white ratio of earned incomes is higher than the ratio of total income.

One implication to be drawn from these data is that blacks rely on wages and salaries to a far greater degree than do whites, and on self-employment and property income to a lesser degree. As a result, blacks as a whole are more likely than whites to suffer during times of high unemployment, or economic recession, because a smaller proportion of blacks have self-employment or property income to use as supplemental income should they lose their jobs. Moreover, since income from property is more likely to be associated with the accumulation of wealth than is wage and salary income, the data suggest low amounts of wealth among black families. (For a discussion of black-white differences in wealth, see O'Hare 1983). Finally, although a similar proportion of black and white families received Social Security and railroad retirement income, black families earned only 72 percent of the median income of white families from these sources, a percentage that reflects the relative preretirement earnings received by each group.

Only with regard to government transfer programs did the median value of income of black families exceed that of white families, and black families were five times more likely to receive public assistance and four times more likely to receive supplemental security income than were white families. But median incomes from these sources are low relative to wage earnings and, unlike property-based income, there is an explicit reduction in such income as wage earnings increase. The presence of public assistance helps reduce the income differential among black and white families during times of high unemployment, because it reduces the income gap that would result from the higher unemployment rate among black workers.

Sources of Income by Family Type

Another picture emerges when sources are broken down by family type. Table 4 shows data on income source by race and by family type (that is, whether the household was headed by a married couple or a single female). Of households headed by black single females, only 68 percent had wage and salary income--the smallest percent among the four groups described in the table. In addition, the median wage and salary income for such families, $9,466, was the lowest among the four race/family-type groups. To a large extent, these families are part of the "working poor." Forty percent of households headed by black females received some public assistance, with a 1981 median value

Table 4. Sources of family income, by race and family type, 1981

Income source	Black				White			
	Married couples		Female heads[a]		Married couples		Female heads[a]	
	Percent of families	Median value[b]	Percent of families	Median value[b]	Percent of families	Median value[b]	Percent of families	Median value[b]
Total income	100%	$19,624	100%	$7,506	100%	$25,474	100%	$12,508
Wage and salary	87	19,662	68	9,466	84	23,975	79	12,709
Self-employment[c]	6	3,797	2	Ins.	14	6,400	7	3,178
Property[d]	43	95	20	72	74	432	57	341
Social security or railroad retirement	21	4,808	21	3,519	23	6,253	29	4,818
Retirement and annuities	8	3,933	4	2,520	14	4,749	9	3,552
Public assistance and welfare	6	1,695	40	2,929	2	1,685	15	2,973
Supplemental security income[e]	6	2,324	10	2,434	2	2,013	4	2,659

Source: U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1981, Current Population Reports, Series P-60, No. 137, Tables 25 and 33.

[a] Families categorized by the Census Bureau as "female householder, no husband present."

[b] The median is for those families that have positive incomes in the category.

[c] Nonfarm self-employment.

[d] Includes dividends, interest, rental income, income from estates or trusts, and net royalties.

[e] Supplemental security income (SSI) consists of welfare payments made to aged, blind, and disabled persons.

Ins. = Insufficient cell size.

of $2,929. Such families have been found to depend more heavily on public assistance than do other family types (Barr and Hall 1981), and thus had a lower total income. Few black female-headed families had property income and only 2 percent had income from self-employment.

The situation was more favorable for black families headed by married couples. Almost half of such families (43 percent) reported income from property, and few (6 percent) received any form of public assistance. Foster (1981) found that overall, families with two earners accumulated wealth at a greater rate than families with one earner. This advantage contributes to the large economic gap between black married-couple and single-parent households.

While a similar proportion of black and white married-couple families received social security or railroad retirement, the $4,808 median annual value for black families was 77 percent of the $6,253 median value for white families. The median value of retirement and annuities income also was higher for white families than for black families. The black-white differences in retirement incomes reflect racial differences in preretirement earnings.

3. INCOME DISTRIBUTION

The median income data examined in the last chapter provide only a limited amount of information about income distribution among black families. In this chapter, I will divide income levels into categories, measure the percentages of families that fall within each category, and then assess the changes in those categories over time.

Three income categories are used:

Low	Less than $10,000 annual income
Moderate	$10,000-$24,999 annual income
Upper	$25,000 and over annual income

The intervals were chosen arbitrarily. As is true for any continuous distribution, the break-points are merely convenient points of reference rather than significant determinants of economic status. Nevertheless, the low category represents incomes at or near the poverty level for a family of four (in 1982 dollars). The moderate category includes the 1982 median income level for all families ($23,433), but at the lower end also includes the near poor. The upper category includes those whose incomes were above the median for all families.

Table 5 presents income distributions for black and white families within these three ranges for selected years from 1960 to 1982. The income amounts are in constant 1982 dollars.

In 1960, 10.4 percent of all black families were in the upper income range, compared with 30.0 percent of all white families. In 1978, the proportion of black families in the upper income category reached a historic high of 30.0 percent, but then began to decline, falling back to 24.5 percent in 1982. The period of most dramatic improvement for black families was the decade of the 1960s, when there was a 151 percent increase in the proportion of black families with upper-level incomes and a 35.7 percent decline in the proportion of black families in the lowest income range.

Table 5. Income distribution of families in constant 1982 dollars, by race, selected years (percentages)

Income group	1960[a]	1970	1975	1978	1980	1982	Percentage change 1960–1970	Percentage change 1970–1982
Blacks								
Upper ($25,000 and over)	10.4	26.1	27.2	30.0	26.6	24.5	151.0	-6.1
Moderate	41.9	43.3	40.5	38.9	38.5	37.6	3.3	-13.2
$15,000-24,999	22.6	25.7	24.8	23.2	22.8	21.9	13.7	-14.8
$12,500-14,999	7.6	8.7	7.4	7.4	7.4	6.4	14.5	-26.4
$10,000-12,499	11.7	8.9	8.3	8.3	8.3	9.3	-23.9	-4.5
Low	47.6	30.6	32.3	31.2	34.9	37.8	-35.7	23.5
$7,500-9,999	10.8	8.9	10.3	8.3	9.8	9.1	-17.6	2.2
Less than 7,500	36.8	21.7	22.0	22.9	25.1	28.7	-41.0	32.3

Table 5 (continued).

Income group	1960	1970	1975	1978	1980	1982	Percentage Change 1960-1970	Percentage Change 1970-1982
Whites								
Upper ($25,000 and over)	30.0	51.1	51.4	55.1	51.5	49.1	70.3	-3.9
Moderate	50.3	36.6	36.0	33.5	35.6	37.0	-27.2	1.1
$15,000-24,999	35.2	26.2	24.6	23.0	24.3	24.9	-25.6	-5.0
$12,500-14,999	6.4	5.2	5.9	5.3	5.9	5.9	-18.8	13.5
$10,000-12,499	8.7	5.2	5.5	5.2	5.4	6.2	-40.2	19.2
Low	19.7	12.2	12.4	11.4	13.0	13.9	-38.1	13.9
$7,500-9,999	6.1	4.5	5.1	4.6	4.8	4.9	-26.2	8.9
Less than $7,500	13.6	7.7	7.3	6.8	8.2	9.0	-43.4	16.9

Source: U.S. Bureau of the Census, Money Income and Poverty Status of Families and Persons in the United States: 1982, Current Population Reports, Series P-60, No. 140 (Advance data from the March 1983 Current Population Survey), Table 3.

[a] Data for blacks in 1960 include data on other nonwhites.

These improvements slowed during the 1970s, and toward the end of the decade, a reversal was well under way. When we compare 1982 with 1970, we see a 6.1 percent decline in the proportion of black families in the upper income range, and a 23.5 percent increase in the proportion of black families who had low incomes. In 1982, 37.8 percent of black families lived below, or just above, the poverty level.

Similar but less startling changes occurred for white families in the upper and lower income categories. Increases in the proportion of upper income white families were rapid in the 1960s, slowed in the 1970s, and began to reverse toward the end of that decade. The proportion of white families in the lowest income category also has increased slightly in recent years.

Between 1960 and 1982, the proportion of black families in the moderate income category was not greatly different from the proportion of white families in that category. The income gap is therefore the result of racial differences in the bottom and top income categories. In 1982, for example, the proportion of black families in the upper income category was one-half the proportion of white families (24.5 percent versus 49.1 percent) while the proportion of black families in the lower income category was nearly three times that of white families (37.8 percent versus 13.9 percent).

Taking the period 1960 to 1982 as a whole, one must conclude that black families have improved their status in an absolute sense: slightly fewer black families were in the lowest income category in 1982 than in 1960, and a considerably higher proportion of black families were in the upper income category--nearly 25 percent. However, the economic situation of white families also improved over the period, so that the income of all black families relative to all white families remained virtually unchanged.

Income Distribution by Family Type

Table 6 provides details about the 1981 income distribution of black families separated into three family types. The income ranges are the same as those used above. For comparison, the same information is provided for white families.

A black family headed by a married couple appears to have a good chance of having an upper-level income when both husband and wife are in the labor force; on the other hand, it has a good chance of being in poverty if the wife does not work. White married-couple families are far more likely to have incomes in the highest category even when the wife does not work (although family type and the number of workers significantly affect

Table 6. Income distribution of families, by race and family type, 1981 (percentages)

Income group	Black			White		
	Married couples			Married couples		
	Wife in labor force	Wife not in labor force	Single female heads	Wife in labor force	Wife not in labor force	Single female heads
Upper	50.2	15.2	5.2	63.1	39.7	16.7
$35,000 and over	23.9	5.1	1.7	36.1	21.1	6.3
$25,000-34,999	26.3	10.1	3.5	27.0	18.6	10.4
Moderate	40.6	46.1	32.3	31.9	43.4	44.0
$15,000-24,999	29.4	25.3	14.2	24.3	27.0	24.3
$10,000-14,999	11.2	20.8	18.1	7.6	16.4	19.7
Low	9.3	38.7	62.5	5.1	16.9	39.3
$7,500-9,999	4.0	12.2	12.6	2.3	7.2	10.4
Less than $7,500	5.3	26.5	49.9	2.8	9.7	28.9

Source: U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1981, Current Population Reports, Series P-60, No. 137, Table 23.

whether a family will be in poverty or prosperity for whites as well as blacks). In 1981, a black married-couple family with a working wife was almost 5 times as likely to have an income of $35,000 or more per year as a married-couple family where the wife was not working and was 14 times more likely to be in the highest income category than families headed by single females. As observed earlier, however, only about one out of every ten black families had incomes of $35,000 or more per year, and only about one out of every four had incomes of $25,000 or more per year.

The Incidence of Poverty

In examining poverty among black families, it is important to understand the general weaknesses of the poverty standard. Schiller (1973, p. 4) observed:

> Despite all the time that has been spent on poverty research, no consensus has been reached on the answers to some basic questions. Most profound of all is our continuing inability to specify exactly what is meant by the term poverty.

The difficulty in defining poverty is caused partly by the problem of deciding whether a poverty threshold signals a bare subsistence income, or whether there is a minimum collection of goods and services, above bare physical survival, to which all families should be entitled.

The official poverty level is based on money income for families of specified sizes. For example, in 1982 the poverty threshold was set at approximately $9,300 for a household consisting of a parent and three dependent children under eighteen. This poverty level does not define a "quality of life"; it is produced by a formula based on a minimally adequate diet.

A major criticism of the poverty threshold is that in-kind transfers such as food stamps, health benefits, and subsidized housing are not included, even though they clearly contribute significantly to a family's well-being (Smeeding and Moon 1980). The exclusion of in-kind payments produces an anomalous result: Families with money income just below the threshold but with substantial in-kind transfers are considered as being in poverty, whereas, families with only moderately greater income who are not recipients of in-kind transfers are considered not to be in poverty. Because recipients of welfare assistance are automatically eligible for food stamps and health benefits while many of the nonwelfare working poor are not eligible, the distinction

between those in poverty and those not in poverty tends to be blurred. This distinction becomes even more vague when the poverty rate is measured over time. Many of the in-kind transfer programs were enacted or greatly expanded during the period 1965-82, so comparisons of the poverty rates over that period are imprecise.*

In spite of the weaknesses of the measure, poverty rates are an important indicator of the status of black families relative to white families. Poverty rates by race and family status are presented in Table 7. The years included were chosen as arbitrary benchmarks. Note that the "number below poverty" in Table 7 is the number of individuals, not families. The poverty rates for families by type of family head are plotted for the years 1966-82 in Figure 2.

The percentage of all black families with incomes below the poverty threshold fell dramatically between 1959 and 1970, from 54.9 percent to 32.2 percent. Over the period 1970 to 1980, the poverty rate for black families remained fairly constant, but between 1980 and 1982 the rate increased sharply, from 31.1 percent to 34.9 percent—a 12.6 percent increase. For whites, the pattern of change was similar, but at much lower levels. In 1959, only 16.5 percent of all white families had income below the poverty threshold. By 1970, the poverty rate for white families had declined to 8.1 percent, and it remained below 9 percent through 1980. However, the incidence of poverty among white families increased from 8.6 percent to 10.6 between 1980 and 1982. But even with this increase among whites, black families were still three times more likely to be in poverty.

The most rapid reduction in poverty rates among both black and white families occurred during a decade when federal antipoverty programs were initiated and grew (Haveman 1977; Plotnick and Skidmore 1975), when the national economy grew substantially, and when aggregate demand was further fueled by the growing war in Southeast Asia. Experts disagree about which of these factors was most important, but the confluence of these trends resulted in the greatest reduction in poverty rates since the end of the Great Depression of the 1930s. Combined with the civil rights movement, these developments helped many black families escape from poverty.

The recent, sudden increase in the poverty rate partly reflects the impact of the 1981-1982 recession. If the experience

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* Further discussion of this problem may be found in Murray (1982). The reader should be reminded that health insurance and other "fringe benefits" also are not counted in assessing the economic well-being of middle- and upper-class families.

Table 7. Poverty rates, by race and family status, 1959, 1970, 1975, 1980, and 1982

	1959		1970		1975		1980		1982	
	Number in poverty (thousands)	Percent in poverty	Number in poverty (thousands)	Percent in poverty	Number in poverty (thousands)	Percent in poverty	Number in poverty (thousands)	Percent in poverty	Number in poverty (thousands)	Percent in poverty
Black										
Total individuals in families	9,112	54.9	6,683	32.2	6,533	30.1	7,190	31.1	8,355	34.9
Individuals in female-headed families (no spouse present	2,416	70.6	3,656	58.7	4,168	54.3	4,984	53.4	5,698	58.8
Children under 18 in female-headed families (no spouse present)	1,475	81.6	2,383	67.7	2,724	66.0	2,944	64.8	3,269	70.7
Individuals in all other families	6,696	50.9	3,030	20.9	2,365	16.9	2,206	16.0	2,657	18.6
Children in all other families	3,547	60.6	1,542	26.0	1,161	22.1	962	20.3	1,120	24.1
Indviduals 65 years or older	711	62.5	683	48.0	652	36.3	783	38.1	811	38.2

Table 7 (continued).

	1959		1970		1975		1980		1982	
	Number in poverty (thousands)	Percent in poverty	Number in poverty (thousands)	Percent in poverty	Number in poverty (thousands)	Percent in poverty	Number in poverty (thousands)	Percent in poverty	Number in poverty (thousands)	Percent in poverty
White										
Total individuals in families	24,443	16.5	13,323	8.1	13,799	8.3	14,587	8.6	18,015	10.6
Individuals in female-headed families (no spouse present)	4,232	40.2	3,761	28.4	4,577	29.4	4,940	28.0	5,686	30.9
Children under 18 in female-headed families (no spouse present)	2,420	64.6	2,247	43.1	2,813	44.2	2,813	41.6	3,249	46.5
Individuals in all other families	20,211	14.7	9,562	6.3	9,221	6.1	9,647	6.4	12,329	8.1
Children in all other families	8,966	17.4	3,891	7.3	3,934	8.2	4,004	9.0	5,032	11.6
Individuals 65 years or older	4,744	33.1	3,984	22.5	2,634	13.4	3,042	13.6	2,870	12.4

Source: U.S. Bureau of the Census, Money Income and Poverty Status of Families and Persons in the United States: 1982, Current Population Reports, Series P-60, No. 140 (Advance data from the March 1983 Current Population Survey), Table 15.

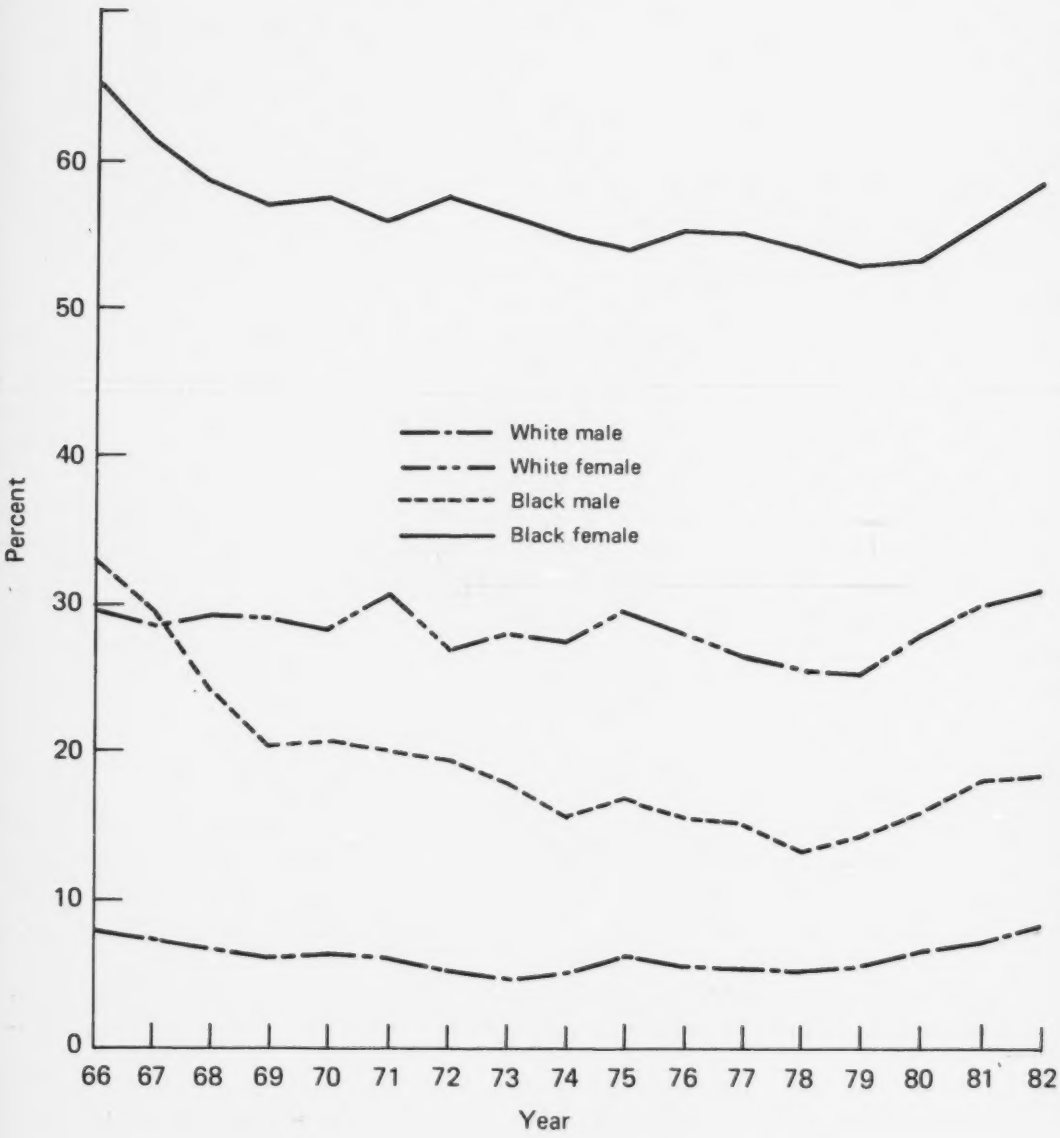

Figure 2. Families in poverty, by family head, 1966-1982

Source: U.S. Bureau of the Census, *Money Income and Poverty Status of Families and Persons in the United States: 1982*, Current Population Reports, Series P-60, No. 140, (Advance Data from the March 1983 Current Population Survey), Table 15, pages 22-23.

from the 1974-1975 recession is a good predictor, it is likely that blacks will recover more slowly from this recession than will whites.

The changes in the overall poverty rates among black families mask the vast differences in the experiences of various segments of the population. These differences are reflected in Figure 2. For example, among black households with male heads (not necessarily married-couple families), the poverty rate declined from 50.9 percent in 1959 to 18.6 percent in 1982. (The poverty rate for male-headed white families declined from 14.7 percent to 8.1 percent during the same period.) In general, black families headed by males showed the greatest rate of exit from poverty.

Among black households with female heads, the poverty rate declined far less, from 70.6 percent in 1959 to 58.8 percent in 1982. (The poverty rate for white female-headed families declined from 40.2 percent in 1959 to 30.9 percent in 1982.)

The increasing proportion of black children living with single parents presents a special problem for the black community. In 1960, 75 percent of all black children lived with both parents (Table 8). There has been a steady decline in this percentage: by 1982 only about 4 black children out of 10 lived with both parents. The result of the increase in the percentage of black children living with one parent is that, for most of those children, the formative years take place in poverty. In the long-term, these conditions are likely to reduce the chances of future generations of blacks achieving income parity.

Another group with high poverty levels are those sixty-five years old or older. Among older black Americans, the poverty rate declined from 62.5 percent in 1959 to 38.2 percent in 1982. While this represents a 39 percent drop in the poverty rate, it is a far smaller reduction rate than that experienced by white older Americans.

Even with all the programs of the past two decades, then, black families of all types are three and one-half times more likely to be in poverty than white families. This is not to suggest that the programs have been failures, but rather that they have helped whites in at least as much--and probably more--than they have helped blacks. Consequently, the ratio of black poverty to white poverty has remained at a near constant proportion of 3-to-1 for more than two decades.

Table 8. Children living with both parents, by race, selected years

Race	1960	1970	1975	1982
Black				
Total, own children (thousands)	6,915	8,944	8,721	9,377
Percentage living with both parents	75	65	54	42
White				
Total, own children (thousands)	54,446	58,244	54,266	51,086
Percentage living with both parents	93	91	87	81

Sources: U.S. Bureau of the Census, Social and Economic Status of the Black Population in the United States: An Historical View, 1970-1978, Current Population Reports, Series P-23, No. 80, Table 79.

U.S. Bureau of the Census, Marital Status and Living Arrangements: March 1982, Current Population Reports, Series P-20, No. 380, Table 4.

Note: Universe is unmarried children under 18 years old. "Own" child is a single (never married) son, daughter, stepchild, or adopted child.

4. CHANGES IN THE BLACK FAMILY

Previous sections have presented evidence of two trends: First, the overall ratio of black-to-white median incomes rose slightly during the 1960s but dropped during the 1970s, thus displaying no progress overall. Second, beneath the surface of these overall figures are several important variations in the way income levels and black-white ratios have changed over time for different types of black families. Especially significant are the differences between black families headed by single females and those consisting of married couples.

How can we reconcile significant changes over time for several groups within the black community with the relative lack of change in overall black-white ratios since 1970? The answer lies partly in the demographics of the black family.

Families may be divided into three groups:

- those headed by a married couple with the wife in the labor force;
- those headed by a married couple with the wife not in the labor force; and
- those headed by a female with no spouse present.

The last group may be further divided into female heads who are, or are not, in the labor force. (Of course, there are some other categories--families headed by married couples in which the wife but not the husband is in the labor force or headed by single males--but these groups are so small they do not affect the analysis.) Over time, changes in the median income of black families as a whole result from changes in the proportion of black families in each group as well as from changes in the median income level of each group.

Demographics of the Black Family

In 1969, 68 percent of all black families were two-parent households (this was a decline from 78 percent in 1960); by 1982, that proportion had fallen to 53 percent (Table 9). However, the proportion of families in which there was a male head with a working wife has remained fairly constant. The proportion went from 35 percent in 1969 to 32 percent by 1982. The proportion of black families headed by married couples in which the wife did not work dropped from 33 percent in 1969 to 21 percent by 1982. At the same time, the proportion of black families headed by a single female went from 27 percent in 1969 to 42 percent in 1982. Ross and Sawhill (1975) suggest that increases such as these in the number of families headed by women may be a source of many economic problems in the black family.

Because changes in black family composition from 1969 to 1982 were significantly different from those experienced by white families (the proportion of white female-headed families increased from 9 to 12 percent), they may help to explain the apparent lack of movement in the overall median-income ratio between blacks and whites.

Table 10 shows dramatically what has been happening with regard to changes in family composition and the relative incomes of blacks and whites. The table shows the changes between 1969 and 1982 in (1) the proportion of the three family groups among all black families and (2) the black-to-white ratio of median incomes for families within each of the three groups. Over this period, married couples with working wives decreased as a proportion of all black families, from 35 percent to 32 percent--an 8.6 percent decline. But the ratio of their median income to that of similar white families increased from 0.75 to 0.82—a 9.3 percent increase. By contrast, black families headed by single females as a proportion of all black families increased by 55.6 percent, while the ratio of their median income to that of white single female heads decreased by 8.3 percent. Thus the fastest-growing group among black families is the group with the lowest median income and a declining relative income.

These facts suggest that the black-to-white median income ratio stayed nearly constant in the 1970s partly because of the changing proportions of black family types combined with changing relative incomes for the various family types. Black families with two adult wage-earners moved toward income parity with white families, while female-headed households moved away from parity. But because the number of female-headed households was growing faster than any other group, the overall median-income ratio remained relatively flat. It is possible that if these trends continue through the rest of this

Table 9. Family composition, by race, selected years

	1960		1969		1980		1982	
	Number (thousands)	Percent	Number (thousands)	Percent	Number (thousands)	Percent	Number (thousands)	Percent
Black								
Total families	3,950	100[a]	4,863	100[a]	6,317	100[a]	6,530	100[a]
Married-couples	3,089	78	3,294	68	3,392	54	3,486	53
Married, wife in labor force	NA	NA	1,678	35	2,022	32	2,115	32
Married, wife not in labor force	NA	NA	1,616	33	1,370	22	1,372	21
Female head, no husband present	857	22	1,334	27	2,634	42	2,734	42
White								
Total families	40,873	100	45,770	100	52,710	100	53,407	100
Married-couples	37,562	92	40,272	88	44,860	85	45,252	85
Married, wife in labor force	NA	NA	15,423	34	22,138	42	22,692	42
Married, wife not in labor force	NA	NA	24,849	54	22,722	43	22,560	42
Female head, no husband present	3,310	8	4,139	9	6,266	12	6,507	12

Sources: U.S. Bureau of the Census, The Social and Economic Status of the Black Population, Current Population Reports, Series P-23, No. 80, Table 74.

U. S. Bureau of the Census, Detailed Characteristics, Census of Population: 1970, Final Report PC(1)-D1, United States Summary, Table 250.

U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1980, Current Population Reports, Series P-60, No. 132, Table 14.

U.S. Bureau of the Census, Money Income and Poverty Status of Families and Persons in the United States: 1982, Current Population Reports, Series P-60, No. 140 (Advance data from the March 1983 Current Population Survey), Table 1.

[a] The missing group consists of households headed by males, with no wife present.

NA: Information not available.

Table 10. Proportion of all black families and black-white median income ratio for three family types, 1969 to 1982

Group	Percentage of all black families			Ratio of median income to that of similar white families		
	1969	1982	Percent change	1969	1982	Percent change
Married couple, wife in labor force	35	32	-8.6	0.75	0.82	+9.3
Married couple, wife not in labor force	33	21	-36.4	0.62	0.57	-8.1
Female head, no spouse present	27	42	+55.6	0.60	0.55	-8.3

Sources: U.S. Bureau of the Census, Money Income and Poverty Status of Families and Persons in the United States: 1982, Current Population Reports, Series P-60, No. 140 (Advance data from the March 1983 Current Population Survey), Table 1.

U.S. Bureau of the Census, Detailed Characteristics, Census of the Population: 1970, Table 250.

Note: The missing group consists of all other types of families.

decade, the median-income ratio may even fall from its 1982 level of 0.55--indicating a further erosion of the relative income position of black families.

Characteristics of Female-Headed Families

The reasons for the low economic status of single black women are beyond the scope of this analysis, but some statistics can clarify that status. First, the average size of families headed by single black women (3.62 persons in 1980) was almost the same as the size of families headed by married couples (3.76 persons).* The family size of married-couple families in which the wife works is not available, but since more than 60 percent of wives in black married-couple families are in the labor force, the figure must be close to that for all black married-couple families. On average, then, female-headed households support almost the same number of family members as do married-couple households, but with fewer wage earners. For black families in general, the average number of earners per family went from 1.73 in 1969 to 1.54 in 1978--an 11 percent decline. During the same time, the average number of earners per white family remained essentially constant, going from 1.68 in 1969 to 1.69 in 1978.

Another special problem faced by black families headed by single females was observed earlier (see Table 4) but is also chronicled in Ross and Sawhill (1975), who point out that the great majority of such families receive welfare assistance--an income source that is almost always less than the average wage and salary income. Sanger (1979, p. 50) paints a more poignant picture:

> When a woman with children becomes a family head, her chances of becoming poor and going on welfare greatly increase. Once on welfare, she faces a decreased probability that she will become employed or return quickly to economic independence.

The data examined here provide some evidence consistent with the Sanger hypothesis. Of all groups in the society, few face the economic problems encountered by single black women who are heads of households.

Such women may be divided into four categories: (1) never married, (2) married with husband absent, (3) divorced, and

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* The data in this section come from U.S. Bureau of the Census, Social Indicators, 1980, Table 9/23.

(4) widowed. While the number of households headed by black females increased by 88.2 percent from 1970 to 1982--from 1,382,000 to 2,605,000--the never-married group grew from 223,000 to 846,000--a 279.4 percent increase (Table 11).

The rapid rise in the proportion of the population with the least economic resources exacerbates the problem of improving the median income level of black families. The data reported here suggest that additional research will need to be done on the causes and social implications of the recent dramatic changes in the composition of black families if these trends are to be reversed.

Table 11. Marital status of black female householders with no husband present, by presence of children, 1970 and 1982

Category	1970		1982		Change, 1970-82	
	Number (thousands)	Percent	Number (thousands)	Percent	Number (thousands)	Percent
All female householders, no husband present						
Total	1,382	100.0	2,605	100.0	1,221	88.2
Single (never married)	223	16.1	846	32.5	623	279.4
Married, husband absent	546	39.5	668	25.6	122	22.3
(Separated)	(468)	(33.9)	(629)	(24.1)	(161)	(34.4)
(Other)[a]	(78)	(5.6)	(40)	(1.5)	(-38)	(-48.7)
Divorced	196	14.2	576	22.1	380	193.9
Widowed	417	30.2	514	19.7	97	23.3
With own children under 18						
Total	472	100.0	784	100.0	312	66.1
Single (never married)	58	12.3	111	14.2	53	91.4
Married, husband absent	94	19.9	145	18.5	51	54.3
(Separated)	(87)	(18.4)	(137)	(17.5)	(50)	(57.5)
(Other)[a]	(7)	(1.5)	(8)	(1.0)	(1)	(14.3)
Divorced	45	9.5	158	20.2	113	251.1
Widowed	276	58.5	370	47.2	94	34.1
With no own children under 18						
Total	912	100.0	1,821	100.0	909	99.7
Single (never married)	166	18.2	735	40.4	569	342.8
Married, husband absent	454	49.8	523	28.7	69	15.2
(Separated)	(382)	(41.9)	(492)	(27.0)	(110)	(28.8)
(Other)[a]	(72)	(8.0)	(32)	(1.8)	(-40)	(-55.6)
Divorced	151	16.6	418	23.0	267	176.8
Widowed	141	15.5	144	7.9	3	2.1

Sources: U.S. Bureau of the Census, Families Maintained by Female Householders: 1970-79, Current Population Studies, Series P-23, No. 107, Table 9.

U.S. Bureau of the Census, Household and Family Characteristics: March 198?, Current Population Reports, Series P-20, No. 381, Table 12.

[a] Includes "Spouse in Armed Services" category.

5. LABOR SUPPLY AND EMPLOYMENT

Wage and salary earnings account for more than four dollars out of every five that black families receive. This section discusses the factors that help determine the amount blacks earn from this source.

The wage and salary earnings of a family unit depend on two general factors: (1) how many members are in the labor force and how much of the year they are actually employed, and (2) how much each member earns when working. This chapter focuses on labor force participation, employment, and unemployment for black workers. In the next chapter, wage rates--the other component of wage earnings--are discussed.

Labor Force Participation Rate

The labor force participation rate is the proportion of the members of any group who actively seek or hold employment at a given point in time. A worker generally will choose to be out of the labor force only if the benefits of being out are greater than those of being in (Parsons 1980a), or, as often suggested, if such persons are so discouraged about their prospects for work that they cease looking. The benefits of nonparticipation include the individual's "shadow price" of leisure. If the expected market wage rate does not exceed that shadow price, the worker will elect to withdraw from the labor market. For many women, and increasingly for many men, expected market earnings would not outweigh the costs of employment, which might include being away from children or forgoing other sources of support.

To assess the importance of labor force participation rates on the relative economic status of black families, those rates are considered by age, sex, and race, and are traced over time. A reasonable assumption is that, on average, families are economically better off when there are more adults in the labor market.

Figure 3 shows that for a given period of time, 1980 in this instance, there is an inverted U-shaped labor force participation curve that varies across race and sex. For all groups, the rates of participation in the labor force are relatively low before age twenty and after age fifty-four. For the years in between there are no substantial differences in the shape of the curve between black men and white men; among females, however, there are race-related differences in the timing of labor force participation.

For all age categories, white males have the highest participation rates of the four race-sex groups. Between the ages of fourteen and nineteen black males participate in the labor market at a lower rate than do white females. However, after age nineteen the labor force participation rate for black males approaches that of white males.

Labor force particiation rates in and of themselves do not indicate the degree of willingness or desire of black males to work. Indeed, Parsons (1980) suggests that after such economic factors as wage rates and unemployment are controlled for, the participation rates of adult black males are, if anything, greater than those of adult white males. That is to say, if white males were confronted with the same problems of high unemployment and low wages as blacks, it is likely that their labor force participation rates would be about the same as those of black males. Nevertheless, the lower mean participation rates for black males result in lower family income.

The labor force participation rate of black women under twenty-five years of age is comparatively low. Ross and Sawhill (1975) suggest that high rates of teenage pregnancy many delay the entrance of black females into the labor market.

Although labor force participation rates increase with age (up to around age 35), one should not infer that the low rate of labor force participation among black youth is a transitory phenomenon--that the problem will correct itself as the cohort ages. It is possible that in future labor markets, prior experience will play an increasingly important role in employers' hiring decisions. Thus the low rate of labor force participation among today's black youth could have long-lasting effects on their employment prospects, and the overall pattern in future years could be quite different from the 1981 pattern.

The pattern shown in Figure 3 for a single point in time is quite different from the long-term pattern shown in Figure 4, which plots the participation rates by race and sex for the period 1960-82. In 1960, the labor force participation rate for black males was 83.0 percent--not significantly different from the 83.4 percent participation rate of white males. Over the next two decades, there was a withdrawal of prime-age males (those

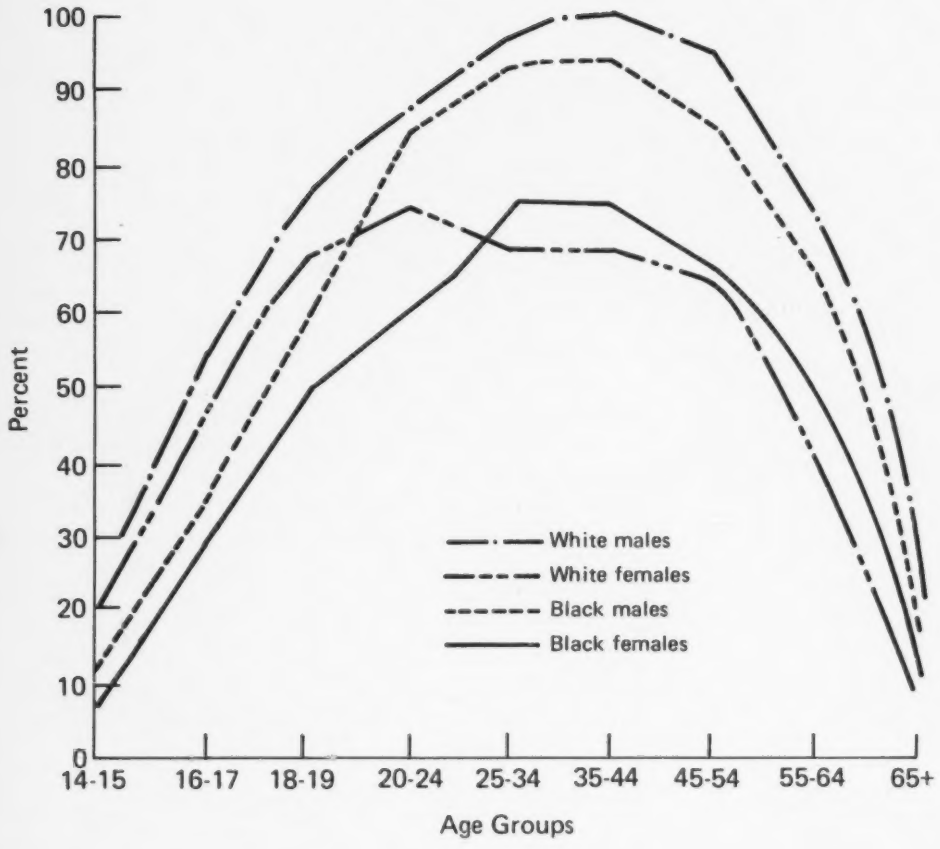

Figure 3. Labor Force Participation Rates by Race, Sex, and Age, 1980

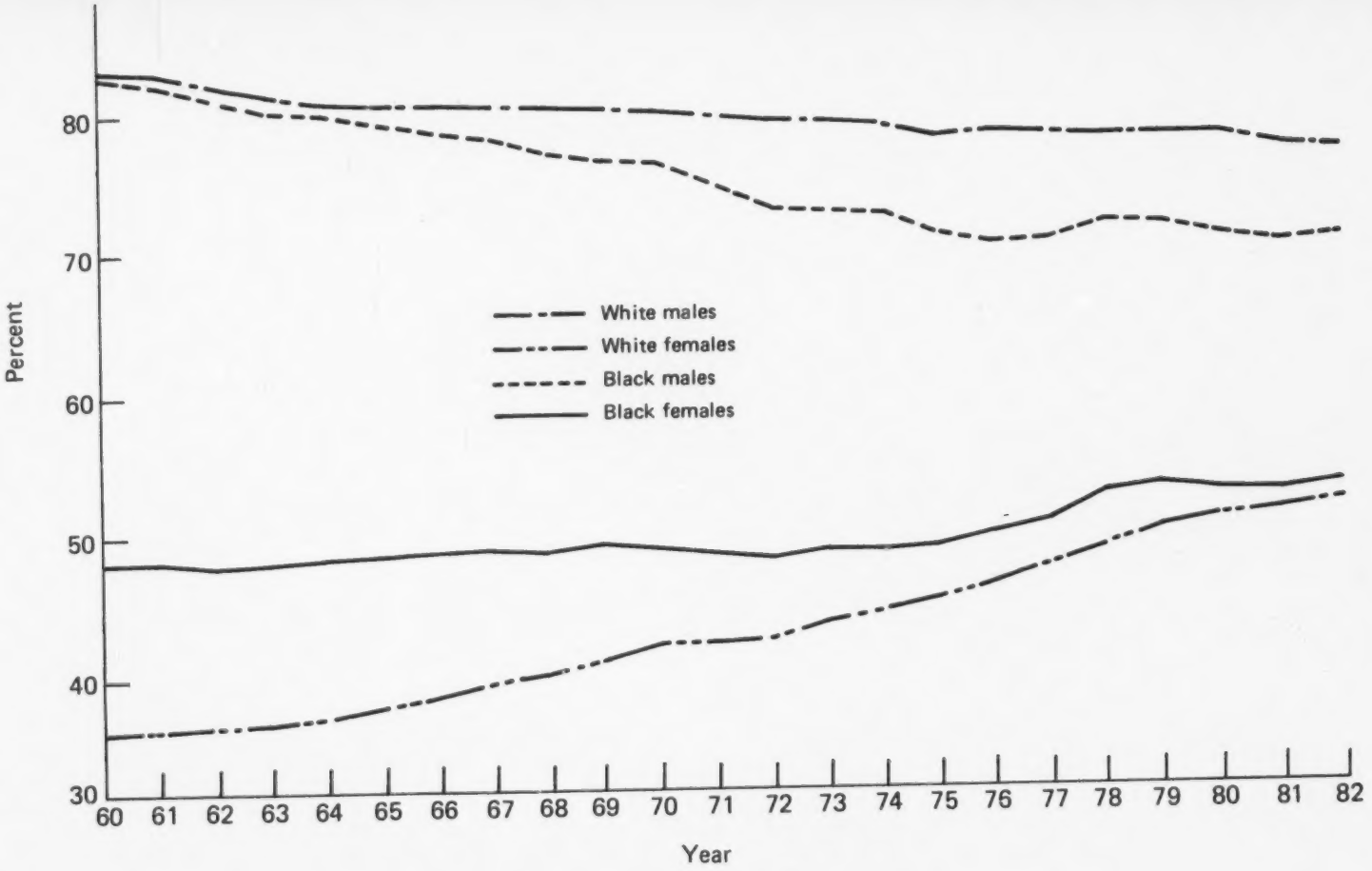

Figure 4. Labor force participation rates for adults, by race and sex, 1960-1982

Source: U.S. Department of Labor, *Employment and Training Report of the President: 1982*, 1982 data from U.S. Department of Labor. *Employment and Earnings.*

between twenty-five and fifty-four) from the labor force (Parsons 1981b). The overall participation rate fell 14.7 percent for black males, but only 6.1 percent for white males.

The large exodus from the labor market by prime-age black males, as shown on Table 12, has contributed significantly to the erosion of wage earnings in the black community and is a factor in the recent lack of growth in the black-to-white median income ratio. By 1981, approximately one black male out of nine between the ages of twenty-five and forty-four was no longer in the labor force. This was also true for nearly one out of every six black males between the ages of forty-five and fifty-four. In a 1980 survey that sought to determine the reasons for not being in the labor market, the most important reasons cited by males of both races were school or home responsibilities (38.3 percent); economic reasons (19.9 percent); retirement or old age (14.8 percent); and ill health or disability (9.7 percent) (U.S. Department of Labor 1981). Surprisingly, school and home responsibilities were mentioned twice as frequently as economic reasons and almost four times as frequently as health-related factors. To the extent that this survey accurately reflects the reasons males drop out of the labor market, lack of work seems less important than other factors.

In contrast to what has been happening among males, the labor force participation rate among females has increased dramatically, especially among white females. Black females increased their labor force participation by 11 percent, from 48.2 percent in 1960 to 53.4 percent in 1980. However, the rate for white females increased by 40 percent, from 36.5 percent in 1960 to 51.3 percent in 1980. The fastest-growing labor force participation rates were recorded for married white females who had a spouse present. By 1980, 50.2 percent of such females were in the labor market (U.S. Department of Labor 1981).

As wives entered the labor market in record numbers, a greater percentage of families became two-earner families. Hayghe (1981) points out that between 1968 and 1978 the number of families in which only the husband worked fell by 4.1 million and the number of dual-earner families increased by 4.5 million. The rate of increase of dual-earner families was greater in the white community than in the black community. In 1964, 34 percent of all black families and 28 percent of all white families had a male head with a wife in the labor force. By 1982, more white families had two wage-earners--42 percent versus 32 percent for black families (see Table 9). Since married-couple families tend to have the highest median incomes, the decline in such black families relative to whites has prevented the black-to-white median income ratio from increasing.

Table 12. Labor force nonparticipation rates for males, by race and age, 1960-1981 (percentages)

Year	25-34		35-44		45-54	
	Black[a]	White	Black[a]	White	Black[a]	White
1960	3.8	2.3	4.5	2.1	7.7	3.9
1961	4.1	2.3	5.2	2.1	7.7	4.1
1962	4.7	2.6	5.5	2.1	7.8	4.0
1963	5.1	2.6	5.1	2.2	8.9	3.8
1964	4.1	2.5	5.6	2.4	8.4	3.9
1965	4.3	2.6	5.8	2.3	8.0	4.1
1966	4.5	2.5	8.9	2.4	9.3	4.2
1967	4.5	2.5	6.4	2.3	8.7	4.4
1968	5.0	2.8	6.6	2.4	9.9	4.6
1969	5.6	3.0	7.3	2.6	10.5	4.9
1970	6.3	3.3	6.8	2.7	11.7	5.1
1971	7.2	3.7	8.0	3.0	13.2	5.3
1972	7.5	4.0	8.6	3.0	13.9	6.0
1973	8.6	3.8	8.6	3.2	11.9	6.5
1974	7.7	3.7	9.1	3.3	15.2	7.0
1975	8.8	4.2	10.0	3.6	15.4	7.1
1976	9.6	4.1	9.4	4.0	16.6	7.5
1977	9.8	4.0	8.5	3.8	17.3	7.9
1978	9.4	4.1	9.0	3.7	15.4	7.9
1979	9.7	4.0	9.1	3.6	14.4	7.8
1980	9.8	4.2	10.2	3.8	16.1	7.9
1981	11.7	4.2	10.2	3.9	16.5	7.6

Source: U.S. Department of Labor, Employment and Training Report of the President: 1982, Table A-5.

[a] Includes blacks and other minority races.

Also, the increased entry of women into the labor maket in record numbers has caused a tightening of that market, with the result that once unemployment occurs, the unemployed worker may find it more difficult to find new employment. On the other hand, the increased number of two wage-earner families also means that for those families, the economic deprivation often associated with unemployment has been reduced.

Unemployment Status

One of the more important indicators of the economic status of black Americans is the unemployment rate for those workers in the labor market. Black workers suffer from significantly greater unemployment rates than do white workers (Table 13). This fact is graphically demonstrated in Figure 5, which plots the black-to-white unemployment ratio for different groups over the period 1960 to 1982.

Between 1960 and 1982, blacks of all groups have experienced, on average, twice the unemployment rate of whites in the same age-sex group. In 1960, black males had unemployment rates that were 2.3 times as great as white males. Unemployment rates for black and white men moved closer until 1970, when the black-white ratio was 1.8, but by 1981 the ratio had again increased to 2.2.

Among adult females, the same general trends are observed. Between 1960 and 1970, the black-to-white female unemployment ratio ranged from 1.6 to 2.0. Between 1971 and 1981 the pattern was volatile, but generally followed that for males. By the end of the 1970s the black-to-white unemployment ratio for females was once again around 2.0.

The high relative unemployment rates have persisted through recessionary and expansionary cycles, and have shown little change in response to policies designed to affect employment. Not once over this period have the unemployment rates for blacks--male or female--been as low as those for whites.

The greatest discrepancy in unemployment rates is found between black and white teenagers. In 1960, the black-to-white teenage unemployment ratio was 1.8. Between 1964 and 1967, the black-to-white unemployment ratio increased rapidly to 2.3, but since that time the ratio has followed a pattern very similar to that for females. The high unemployment rates for black youth, when combined with falling participation rates, mean that smaller fractions of the black youth population are able to assist with family finances.

Additional workers add to family income and, when the family's other income sources are low, help to relieve economic

Table 13. Unemployment rates of adults and teenagers (16 to 19 years old), by race, annual averages 1960-81 (percentages)

Year	Black[c]			White		
	Male[a]	Female[a]	Youth[b]	Male[a]	Female[a]	Youth[b]
1960	9.6	8.3	24.4	4.2	4.6	13.4
1961	11.7	10.6	27.6	5.1	5.7	15.3
1962	10.0	9.6	25.1	4.0	4.7	13.3
1963	9.2	9.4	30.4	3.9	4.8	15.5
1964	7.7	9.0	27.2	3.4	4.6	14.8
1965	6.0	7.4	26.2	2.9	4.0	13.4
1966	4.9	6.6	25.4	2.2	3.3	11.2
1967	4.3	7.1	26.5	2.1	3.8	11.0
1968	3.9	6.3	25.0	2.0	3.4	11.0
1969	3.7	5.8	24.0	1.9	3.4	10.7
1970	5.6	6.9	29.1	3.2	4.4	13.5
1971	7.3	8.7	31.6	4.0	5.3	15.1
1972	6.9	8.8	33.4	3.6	4.9	14.2
1973	5.8	8.2	30.2	3.0	4.3	12.6
1974	6.9	8.5	32.8	3.5	5.1	14.0
1975	11.6	11.5	36.7	6.2	7.5	17.9
1976	10.6	11.3	36.7	5.4	6.8	16.9
1977	10.0	11.7	37.9	4.7	6.2	15.4
1978	8.7	10.6	35.9	3.7	5.2	13.9
1979	8.5	10.2	33.2	3.6	5.0	14.0
1980	11.3	11.1	35.4	5.3	5.6	15.5
1981	12.1	12.4	37.8	5.6	5.9	17.3

Source: U.S. Department of Labor, Employment and Training Report of the President: 1982, Table A-7.

[a] Ages 20 years and over.
[b] Ages 16 to 19.
[c] Includes blacks and other minority races.

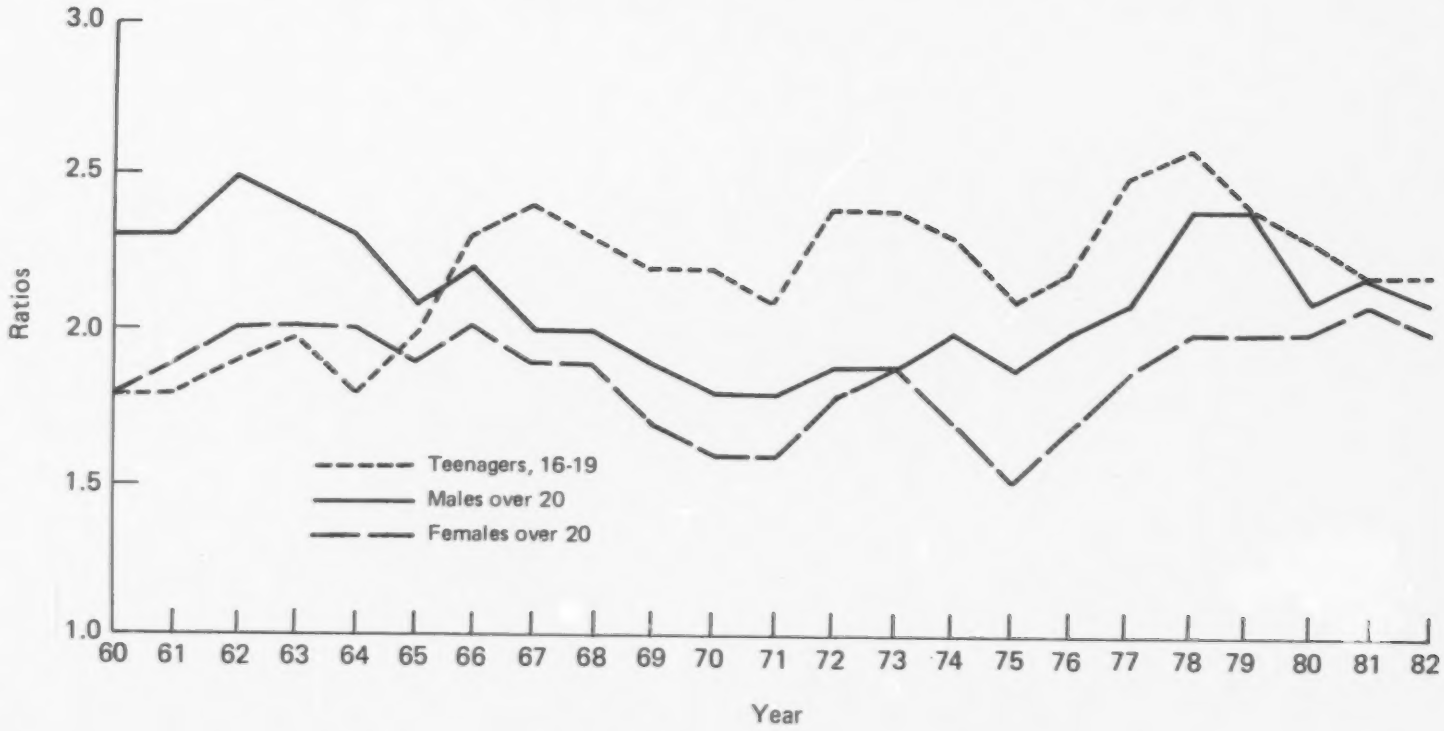

Figure 5. Black-white unemployment ratios, by age and sex, annual averages, 1960-1982 (Parity = 1.00)

Source: U.S. Department of Labor, *Employment and Training Report of the President: 1982*, Table A-7.
1981 + 1982 data: Bureau of Labor Statistics. Current Population Surveys. Unpublished Tables.

distress. But the earnings of dependent children are important not only because they increase family income, but also because they help introduce youth to habits that will be of value in the labor market.

The employment problems of black youth have been well documented in several studies and need not be repeated here.* As Table 14 shows, black youth are disadvantaged in the labor market in may ways, not just unemployment. For example, only slightly more than half of all black youth are in the labor market, compared to about three-fourths of all white youth. While the impact of this labor force differential is not known with certainty, it probably reinforces the earnings advantages enjoyed by white adult male workers.

Unemployment rates, however, do not show the proportion of youth who are not in the labor force. When the ratio of total employment to its relevant population is computed, white youth are twice as likely to be employed and contributing to the family income as black youth. A comparison of the product of the labor force participation rate and the percentage employed reveals that in 1983, 22 percent of white youth who are in school were employed, compared to only 8 percent among black youth. Although the median incomes are similar for black and white youth, a far smaller proportion of black youth will be working at any point in time. The data suggest strongly that, holding all other factors constant, the total income available to black families is further reduced because of the low employment opportunities for black youth. (See U.S. Commission on Civil Rights 1982, p. 74).

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* A useful review is provided by Anderson and Sawhill (1980). Other writers on this topic include Iden (1980), Newman (1979), Levy (1980), Ragan (1977), Rycroft (1980), and Hinckley (1981).

Table 14. Key indicators of youth labor force status, by race and sex, 1983

	Males		Females	
	Black	White	Black	White
Total population, ages 16-21				
Labor force participation rate (percent)	62.9	77.4	49.3	67.3
Employment-to-population ratio	0.350	0.633	0.248	0.548
Unemployment rate (percent of labor force)	44.3	18.2	49.8	18.5
In-school population				
Percent in labor force	24.0	36.9	17.2	32.8
Percent employed	38.1	68.9	36.2	62.8
Median earnings - 1981[a]				
All workers (dollars)	1,679	1,831	1,620	1,723
Full-time workers (dollars)	Ins.	8,201	Ins.	7,644

Sources: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings: July 1983, Table A-6.

U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1981, Current Population Report, Series P-60, No. 137, Table 46.

[a] Ages 15-19.

Ins. = Insufficient data.

6. WAGE EARNINGS

Wage earnings are a function of observable factors such as: age, education, family status, occupation, industry, race, and sex of the worker. In addition, unobservable factors such as discrimination and attitude account for an undetermined percent of actual wage earnings. These factors are often additive or interactive. For example, wages by age vary across occupations. In any examination of the comparative wages of blacks and whites, these factors must be taken into account and, where possible, held constant in order to determine the role of race on wage earnings.

The scope of this paper does not permit a detailed regression analysis of wages. Instead, this chapter compares wage earnings of black and white workers in relation to such single factors as education, occupation, and sex, in an attempt to isolate part of the black-to-white wage differential. The comparisons are made for the year 1981.

Wages and Education

It is axiomatic that earnings rise with education. Expositions on human capital theory and econometric estimates of the returns to investments in schooling are too numerous to cite here, but there is little doubt that, on average, as schooling increases so do wage earnings. However, the apparent returns to education are quite different across race and sex (Table 15).* While

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* Table 15 does not control for such variables as experience, occupation, and industry--all key determinants of the wage rate. Therefore, the actual returns cannot be determined by this process. However, the direction of the returns is clear. The median earnings are defined for full-time, year-round workers so as to remove the effects of unemployment.

Table 15. Education and total money income for full-time, year-round workers over 25, by race and sex, 1981

Education level	Black				White			
	Male		Female		Male		Female	
	Median	%[a]	Median	%[a]	Median	%[a]	Median	%[a]
Total	$15,629	100	$11,797	100	$22,251	100	$13,531	100
Less than 8 yrs.	11,464	19	7,880	17	13,157	8	8,486	7
8 yrs.	12,112	6	8,150	7	16,558	7	10,181	7
9-11 yrs.	12,445	18	9,176	21	17,795	12	10,271	12
H.S. graduate	16,014	32	11,527	32	20,968	35	12,455	43
Some college	17,436	15	13,208	14	23,129	16	14,613	16
College graduate	19,892	6	14,955	6	26,864	12	16,463	9
Graduate school	24,042	4	19,395	3	30,801	11	20,189	6

Source: U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1981, Current Population Reports, Series P-60, No. 137, Table 47.

[a] Percentage of all persons with income--whether they worked full time or not. Percentages are not available for full-time, year-round workers alone.

education plays an important role in explaining wage earnings, it is clear that at every educational level, black workers receive less than do white workers. For example, the median of 1981 earnings for high school graduates was $16,014 for black males and $20,968 for white males--a ratio of 0.76. In addition, white male high school graduates have a median income that is greater, at $20,968, than that of black college graduates, with a median of $19,892. Black female high school graduates had median earnings of $11,527, compared with $12,455 for white females -- a ratio of 0.92. Males at each education level earn more than females at the same level, and the differences in median earnings are greater by sex than by race. For all educational groups, black women workers have earnings that are approximately 78 percent of the earnings of working black men, but only about 54 percent of the earnings of white men.

The disparities that exist across education levels raise the question whether there are differences in the "quality" of schooling that lead to the observed wage differentials. But among females, differentials between blacks and whites are not nearly as great as those among males; if educational quality were the determinant, the differentials for males and females should be much closer. The inescapable conclusion is that wage differentials have little to do with educational quality and much to do with race and sex. For black females, discrimination appears to be based more on sex than on race, since black female's earnings are very close to white female earnings at every education level.

Earnings across Occupations

To understand further why earnings for blacks have not kept pace with earnings for whites, one needs to assess the distribution of black workers across occupations. Occupations are a proxy for several economic indicators of well-being and help to determine social standing as well as earnings. Tables 16, 17, and 18 provide evidence on the relative earnings in 1981 of full-time workers in major occupational categories by race and sex. They also provide information on the distribution of workers within those occupational groups and the likelihood that a worker in that occupational group will be employed full time.

In 1981, the median of annual earnings for full-time black male workers was $14,727, only 71 percent of the $20,706 median for white males. The black-to-white earnings ratio is the smallest where the median earnings are the greatest, but for black males, there appears to be an inverse relationship between

Table 16. Median annual earnings for full-time, year-round workers, by race, sex, and occupation, 1981

	Males			Females		
	Black	White	Black-white ratio	Black	White	Black-white ratio
Total	$14,727	$20,706	0.71	$11,199	$12,108	0.92
Private industry	14,482	21,087	0.69	10,613	11,805	0.90
Agriculture	7,071	10,583	0.67	Ins.	Ins.	--
Professional and technical	18,546	26,954	0.69	14,061	16,081	0.84
Managers and administrators	15,812	27,290	0.58	Ins.	14,998	--
Sales	Ins.	22,306	--	Ins.	11,307	--
Clerical	14,944	17,794	0.84	11,788	11,687	1.01
Craft	17,382	20,812	0.84	Ins.	13,133	--
Operatives	14,541	17,650	0.82	9,765	10,464	0.93
Laborers	12,499	15,415	0.81	Ins.	10,470	--
Service except private	10,731	11,675	0.92	7,787	8,259	0.94
Government workers	16,137	21,071	0.77	12,571	14,518	0.87
Federal	18,216	25,768	0.71	15,564	16,920	0.92
State and local	15,298	19,650	0.78	11,887	14,069	0.84

Source: U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1981, Current Population Reports, Series P-60, No. 137, Table 54.

Ins. = Insufficient data.

Table 17. Distribution of full-time workers in selected occupations, by race and sex, 1981

	Males			Females		
	Median earnings (All races)	Percent of black workers	Percent of white workers	Median earnings (All races)	Percent of black workers	Percent of white workers
Private industry	20,593	73.1	74.3	11,687	66.4	75.3
Agriculture	9,929	2.6	1.3	8,720	0.2	0.4
Professional/technical	26,544	5.4	12.0	16,523	6.6	10.3
Managers	26,856	5.1	13.8	14,979	2.2	8.3
Sales	22,169	1.7	6.0	11,353	1.1	4.6
Clerical	17,310	6.5	4.3	11,703	21.1	31.1
Craft	20,659	13.5	17.8	13,212	1.6	2.1
Operatives	17,159	22.2	12.8	10,316	14.5	9.5
Laborers	15,098	7.2	3.3	10,414	1.6	0.9
Service, except private	11,472	8.7	2.9	8,162	15.6	7.7
Government	20,579	23.0	14.8	14,180	32.2	20.3
Federal	24,523	8.1	3.8	16,517	7.5	3.4
State and local	19,159	15.0	11.0	13,679	24.8	16.9

Source: U.S. Bureau of the Census, Money, Income of Households, Families, and Persons in the United States: 1981, Current Population Reports, Series P-60, No. 137, Table 54.

Table 18. Proportion of workers in selected occupations holding year-round, full-time positions, by race and sex, 1981

	Males		Females	
	Black	White	Black	White
Number of workers (thousands)	5,687	58,046	5,569	45,125
Percent full-time (total)	58.4	64.7	49.1	44.2
Percent full-time in:				
Private Industry	56.2	62.6	46.3	43.3
Agriculture	44.4	34.0	8.9	18.5
Professional/technical	74.1	80.1	70.3	53.0
Managers	74.1	87.1	72.0	69.5
Sales	53.4	69.9	22.3	30.7
Clerical	66.6	61.0	55.4	50.9
Craft	62.3	66.0	69.4	56.6
Operatives	61.9	58.0	48.2	44.8
Laborers	37.1	33.7	60.3	36.2
Service	43.9	29.9	34.5	22.1
Government	68.1	75.9	57.0	51.9
Federal	76.8	84.5	64.1	65.7
State and local	64.1	73.4	55.3	49.8

Source: U.S. Bureau of the Census, Money, Income of Households, Families, and Persons in the United States: 1981, Current Population Reports, Series P-60, No. 137, Table 54.

the median wage in an occupational group and the proportion of black workers in that category. The only exceptions to these trends are in federal and local government employment. In the private sector, black males had median annual earnings in 1981 of $14,482, or 69 percent of the $21,087 median for whites. By contrast, for blacks in government employment the median income was $16,137, which was 77 percent of the $21,071 median for whites. A larger proportion of black males than white males worked in the public sector in 1981, perhaps because of the smaller wage differential in that sector. Not even among government workers, however, have black males achieved earnings parity with their white male counterparts.

Tables 17 and 18 shows that white males were twice as likely to be in the professional and technical occupations, two-and-one-half times more likely to be sales representatives, and nearly three times more likely to be managers and administrators than black males. These are the high-paying private-sector jobs, and black males in these occupations were less likely to achieve income parity with their white counterparts than in virtually all other occupations. Only in the service occupations, where the median earnings of $10,731 and $11,675 (for blacks and whites, respectively) were the lowest, did black males approach near earnings parity with white males.

Thus, for black males, the problem of overall earnings parity resulted in part from lower participation in the professional, managerial, and sales occupations that are among the most lucrative, and in part from the relatively low median earnings in each occupational group.

The situation in 1981 for black female workers when compared with white female workers was far different. Overall, the median of earnings for full-time black female workers was $11,199, which was 92 percent of the $12,108 median for white female workers (see Table 16). In virtually every occupation group, black female workers had nearly achieved parity with white female workers. Among the clerical, service, and federal government occupations, there was near complete earnings parity between black and white females. This, however, was a dubious achievement, since in 1981 all female workers had a median earnings level that was only 60 percent of the median earnings of all male workers.

Approximately one-third of all black female workers worked in the public sector--a magnification of the trend observed for black male workers. The relatively high earnings in the public sector were contributing factors but probably not the only reasons for the high proportions of black workers. Reduced opportunities in the private sector, greater parity in the government sector, and a sense of greater fairness in the government sector also may have been major factors.

The data in Tables 16 and 17 are for full-time workers, and so do not show the full magnitude of the differences between black and white median earnings for all families. As reflected on Table 18, black male workers were less likely to work the entire year than were white male workers. This pattern was found in all occupational groups except those with the lowest median earnings. Thus, in those high-paying occupational groups--such as professional, managerial, and sales--black males were not only underrepresented relative to white males, but once they entered those occupations, they were less likely to work full time. This trend is also evident among government workers, although public-sector employment tends to be full time more often than private employment.

The situation was again very different for black females. Black females were more likely than white females to be full-time workers. However, white females were one-and-a-half times more likely to be in the professional occupations and three times more likely to be managers than were black females. Thus, although black women had achieved near income parity in the higher paying occupations, they were far less likely to be employed in those occupations.

7. CONCLUSION

This study was intended to answer a question that has been the subject of heated debate for more than a decade: Is the economic gap between the races getting smaller or larger? The answer is, neither is happening. In the aggregate, black median family income relative to white median family was the same in 1982 as it was in 1960.

The economic status of blacks did not remain absolutely static throughout that period, however. Between 1960 and the mid-1970s the gap narrowed somewhat and since then has been widening again. If one accepts median family income as a measure of economic status, then clearly, blacks as a group are no better off today, relative to whites, than they were two decades ago. Further, certain of the trends described in earlier chapters, notably the changing structure of black families and the declining labor force participation rate of black men, would lead one to speculate that the economic position of the average black family may continue to deteriorate.

The analysis has allowed us to separate out many of the factors that have retarded black economic progress:

- The percentage of black families headed by women increased dramatically during the past two decades, while the percentage of black, two-income families declined slightly. Of itself, this change would decrease median black family income. When combined with an increasing percentage of two-income white families, the change has a doubly significant effect on the ratio of black to white family income.

- The black unemployment rate has remained about twice the white unemployment rate for more than two decades. Perhaps more importantly, there has been a decline in the labor force participation rate of black

males, and an upsurge in the labor force participation rate of white females. The combined effect is a decline in the percentage of black breadwinners, relative to white breadwinners.

- Black families are more heavily dependent on earned income than are white families; white families derive a significant proportion of their income from interests, dividends, and rent. This means that black family income is more heavily affected by rising unemployment rates than white family income. At the same time, blacks are more dependent on the public sector than whites, both for employment and for transfer payments, and thus are immediately affected by changes in government spending and policies.

- Blacks who are employed full time earn less than whites who are employed full time. This is so across every educational level and occupational category examined. The data would lead any reasonable observer to infer that racial discrimination continues to impede the economic progress of black Americans.

- Finally, however, there has been a dramatic increase, during the last two decades, in the number and proportion of black families whose incomes are above average. Nearly one-quarter of black families have incomes of $25,000 a year or more--one indication of the development of a solid black "middle class."

Since the purpose of the study was to examine statistical trends, I have sought to avoid value judgments and public policy implications. However, a certain amount of commentary is unavoidable, and perhaps essential if the full impact of the analysis is to be made clear.

The combination of civil rights measures, social programs, and a rapidly growing economy brought on partly by the Viet Nam conflict apparently helped blacks to improve their economic status during the 1960s and early 1970s. The economic problems of the 1970s and early 1980s, combined with a reduced emphasis on social program spending and changes in civil rights enforcement practices, may likewise have contributed to the reversals that blacks have experienced in recent years. The income reversal experienced by black families in the North Central region between 1981 and 1982 provides dramatic evidence of the effects of recession.

To be sure, not all of the trends described in this study can be traced directly to the actions of government or to the oscillations of the economy. For example, the dramatic change in the structure of black families results, for the most part, from decisions made independently by millions of men and women--and teenagers. Those are matters that require the serious and concerted attention of individuals and nongovernmental institutions that occupy positions of influence in the black community. A number of organizations such as the National Urban League, black churches, and community groups are seeking to address those trends. With adequate resources, those community service institutions can provide information and counseling that can help people make more thoughtful decisions about family matters. It is obvious that much more needs to be done on this front.

But it is clear that some government policies and practices have contributed to many of the problems described in this study. Until the passage of the 1964 Civil Rights Act, governments at various levels accepted, and in some instances required, practices that limited economic opportunities for black Americans. Further, certain government policies may have contributed to the deterioration of black families. Until 1968, a family was not eligible to receive Aid to Families with Dependent Children (AFDC, one of the largest income transfer programs) if an adult male resided in the household. While federal law has changed, 26 states continue to deny AFDC to such families.* Given the employment problems of black men, the "man-in-the-house" rule probably affects, to some degree, decisions about the makeup of a family.

More broadly, the nation must come to grips with one compelling fact: Regardless of the origins of the problems described in this study, everyone in the society--not just black people, and not just poor people--is affected by them. High rates of poverty and unemployment in the black community produce strains on the social fabric of the nation through persisting economic dependency, lost economic productivity, and simmering social discontent.

The high rates of unemployment among black youth, for example, suggest that this society is in danger of producing a generation in which a large proportion of adults will never have had the experience of working in a productive, full-time job. High rates of poverty among black children cannot but have important implications for the economic viability and social cohesiveness of this nation in the early part of the 21st century.

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* Children's Defense Fund, unpublished data.

Thus, what I have been describing in the preceding pages are not simply black problems; they are national problems. Reasonable people may disagree about how to solve them. But no reasonable person should deny that they exist, or that failure to address them portends ill for us all.

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Errata:

p. 11 Title should read "Sources of Family Income . . ."

p. 34 The second group of entries should be headed "With no own children under 18"; the third group should be headed "With own children under 18." In other words, the second and third subheadings should be transposed.